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A CONSERVATIVE'S VIEW OF POVERTY¹

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THE ATTACK ON POVERTY

There is an institution which is as old as the world—poverty—old enough to command respect. But how goes it with poverty today? Instead of contentment and approval there is skepticism and challenge. While the poor cannot all be expected to be enthusiastic for poverty, the lessening enthusiasm of people of culture, means, and position is not encouraging. And there are those who boldly criticize existing conditions—speak ill of ways of getting rich—or fanatically propose a national conference for the abolition of poverty.

The institution of poverty is under attack. Those interested in keeping things as they are, believing in the rightness of existing conditions, need be alert. If inconsiderate comments, such as have gained currency in recent years, continue, poverty as an institution will be undermined, as was the institution of slavery by the writings of William Lloyd Garrison and the Abolitionists, and as exclusive male suffrage has been by Susan B. Anthony and Dr. Anna Howard Shaw.

Those attacking poverty are having everything too much their own way. Believers in things as they are must be numerous; but arguments in rebuttal are few, while those who oppose poverty are vociferous. Those who have great wealth hang on to it; they do not argue.

Hence the importance of defense at this critical time. There is need to review the whole social system and to point out where poverty-abolitionists would do harm if their views went into effect. There is need of saying, "Look here, look there"; need of pointing out how conditions would be changed for the worse under a different distribution of wealth. To maintain the *status quo* will require

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active effort. Otherwise the peculiar advantages enjoyed under the existing economic system are not likely to be fully appreciated by the general public.

POVERTY AND PRECEDENT

One who comes to the defense of the present order finds himself fairly choked with arguments. Thoughts come to mind with such impetuosity that the vocal organs are jammed and overcome if speech is attempted, and the pen devoted to setting down the ideas tends to plunge through the paper and to contaminate with ink those parts of the unwritten sheet immediately surrounding the puncture; while if a typewriter be used, the authorship of confutation heeds not the ringing of the bell and the stoppage of the carriage at the end of the line, whereby there results the piling up of impressions in one place, with corresponding lack of progression.

There is composition that halts for lack of ideas. There is that which clogs from having too many. The latter is that of one who lays himself to our subject. Where begin? is the question—there is so much to be said. One powerful concept does, however, free itself from the mass and claims first chance of record—the argument from precedent.

The poor will be always with us. They always have been; why change? They have always been uncomfortable; why experiment? Time has sanctified poverty, made it sacred. It has always been. Let it always be. Would we do irreverence to the fathers by introducing novelty? No, let us be guided by the lamp of experience—nay, candle. Whenever the world departs from precedent there is trouble. Ignoring precedent results in doing something new; but if precedent is followed changes do not occur. Precedent gives a feeling of peace. It is better to be content under bad conditions than to change, for change is change. Let those who have not, be content with conditions—let them imitate the rich, who are reconciled to theirs. The lack of respect for precedent is one of the saddest blows today's conservative has to suffer. Actually, some propose change for the sake of improvement. While change of some kinds is proper, as change of clothes, social change is a different matter. Conservatives tend to regard social

change as distinctly and conclusively unwelcome. There is no use of saying more upon precedent; other arguments are ahead, and they seem to be jealous of every syllable that postpones. The claims of precedent must be felt rather than reasoned about. One just feels that poverty must always be.

CHARITY

Little do we realize what a catastrophe it would be for charity workers if poverty were abolished. The special field of these workers is the slums. Without slums there would be no charity organizations and spirit of social service and benevolence. Many of the charity workers have made special preparation for their work, have taken courses in universities, and have invested money in their vocation. To change conditions so that charity would be unnecessary would throw many out of work and deprive them of a means of livelihood. The machinery for distributing money to the poor is complex, and a good many people are required to operate it; and, while the poor themselves may not receive much of what is donated for charity, if there were no poor nothing would be donated. Hence the poor are indispensable.

The spirit of charity is singularly sweet. Who would see it pass away? Our laws have already trespassed upon the realm of benevolence, for conditions are not as they were in the Middle Ages, when beggars were allowed to be seen and alms-giving was a heavenly virtue. Charity cannot exist without objects of charity. If justice ever takes the place of benevolence, there will be such a decline of charity as the world never saw. Conditions will not be the same. The person who now buys a ticket at a generous figure for a charity ball might have to give up something beforehand, and would feel less inclined to go. Much as one might like to see poverty abolished, one should think twice about it if with the passing of poverty the pleasure and privilege of giving away worn garments also is to disappear.

SPECIALIZATION

This is an age of specialization; everybody sees that. But nobody seems to connect the idea of specialization with the need of having the poor always with us in society. Yet specialization,

for its fullest application, requires economic grades, classes, and stratifications.

Some are to specialize as producers and some as consumers. Thus the highest development in these respective fields may be reached. No one can do all things equally well. If the producer should try to be a really proficient consumer, he would likely fall short of the highest standards; and, on the other hand, if the expert consumer attempted to make himself over into a producer, he might similarly achieve but mediocre results. It is best that producer and consumer each practice his forte, and thereby reach some perfection.

The awkward attempts of people who become suddenly rich to live up to their consumptional opportunities should be sufficient proof of the place of specialization in standards of living and of the imperative need of keeping producers where they belong. The hive furnishes a neat illustration. There are queens, drones, and workers. Each class is specialized, each plays its appointed part, and each has a different standard of living.

Little do the poverty-abolitionists appreciate the peculiar biological advantages of a state of poverty. If reformers will keep their hands off long enough, people will come to differ physically and otherwise like bees. But with a more uniform and monotonous distribution of wealth such differences cannot develop. The diet of the very poor results in a class of people who can almost eat nails. The babies of the destitute take milk from unsterilized bottles with big flies clustering about, drink it sour, and live—some of them. This tends to give us a class who do not require pampering. Hardships that would be most unwelcome and injurious to people on a higher plane can be borne by the lower classes. For the sake of developing a class that can bear hardships severe conditions must be provided, and poverty includes all the necessary conditions.

Ill-disposed critics of things as they are do not suitably value a certain extensive and increasing specialization laboriously undertaken by the extremely rich. It is no small matter to find new ways of spending money. It racks the constitution to maintain discontent with everything that savors of the ordinary. Many a man of great wealth would be glad to put on old clothes and go

out and roll, but he keeps up appearances for the sake of his wife. The strain of keeping up strenuous consumption often wrecks the nervous system, though in time, by the law of specialization, the favored classes get used to it. How absurd, then, to underestimate the services of those who carry the burden of great wealth and pave the way, often through dutiful dissipation, to new methods of expenditures. Somebody has to face the problem of spending the huge surplus left after the wages are paid, a problem becoming greater every year. Specialization is the solution.

THE VICARIOUS RICH

All sorts of misunderstandings abound in the literature—if one can call it such—of the critics of the established order. And everywhere there is failure to appreciate the services rendered by great spenders. The rich are vicarious. Let us see.

By holding wealth back from the poor the very rich take upon their own shoulders the risk of moral degeneracy associated with luxury and pampered indulgence. Imagine what would happen if everybody could put up at the best hotels. The rich fall grandly into line and assume the risks and burdens associated with luxury and its dangers. When a man with a large roll representing what some would call “withheld wages,” or perhaps the profits of a child-labor cotton factory, walks into a princely hostelry or boards a private yacht, the envious poor do not realize the sublime moral daring and spirit of sacrifice displayed. Just as stallions among bands of wild horses on the plains prance majestically back and forth, keeping off wolves from the more defenseless equines, so there are superb champions in society who go where the menace of luxury is greatest and fend the multitude from the demoralization which would result from living wages. Those who think they suffer from not having enough to live on do not appreciate such service. But if a doctor risked his life by exposing himself to smallpox out of regard for the general welfare, he would be heralded as brave and vicarious.

Centralized and monopolized wealth conduces, also, to a non-materialistic—shall I say *spiritual*?—viewpoint. The possession of property attaches the mind to property. But if one has no

property his mind cannot be thus attached, surely not to his own property. Hence centralized ownership, though materializing and grave for the plutocrat, frees others from any temptation to be unduly engrossed in things owned. Thus a lofty, anticipational frame of mind which shades over into refined and etherialized longing and sweetness is established among the expropriated. Bold, crass materialism would cloud society were it not for the spiritualizing effects of the vicarious function of those who risk the inability to get through the eye of the needle on account of the camel's hump, enlarged by bales of worldly goods and securities. It is evident that one carrying little baggage can get through a smaller passageway than a party with loads of stuff. Bear in mind that the straight and narrow way is just what it is said to be—narrow. The poor, therefore, are better prepared for going to a Far Land.

VARIETY

To do away with extremes of wealth would result in sameness. As it is now, there is variety. There are editions *de luxe* and paper-bound copies on cheap paper, the "movies" and grand opera. Palatial residences and sumptuous living add not a little to the spectacular, which the poor enjoy so much to witness. What would our cities be without show places to contrast with the tenements? One has a distinct feeling of relief in leaving the squalid sections of a city and returning to the residence district. The emotions are aroused and sensations are possible where contrasts exist. A food riot is picturesque. Would you have every automobile a Ford? There is much of the theatrical where money is flush, and people not favored with this world's goods benefit by being enabled to catch glimpses of high life. Even a cat may look at a king. If the poor were confronted with a charge for every observation of splendor, they would realize how much they are now getting for nothing.

Our industrial or manufacturing system and the whole fabric of commercial practice rest upon economic differences, with poverty as a basis. For example, there would be waste if discarded woolens were not ground up into shoddy and made into cheaper kinds of clothing. How could there be a market for shoddy if everybody

could buy good cloth? There are grades of flour. Poor people use up the poor flour—or it is sent to the Japanese, but the Japs are getting wise. Every factory turns out different grades of goods, and of course there must be grades of buyers or the goods would not sell.

Even nature itself seems to behave as if there would always be poor people. Growing things differ in quality. Think of the natural differences in wool, beef, potatoes, lumber, and in the flavors of fruits and vegetables. Carp is not so good to eat as lake trout, and the fur of a rabbit cannot be compared to that from a seal. Apples have to be graded; and the good ones are sold to people who can pay for them, while other people take the culls or go without. That is nature's way.

In fact, there would be no way of using up some of the things on the market if need did not actually compel their use. Moldy foods would go begging and rents for dwellings on land subject to river overflow would drop to nothing. And, on the other hand, with the reduction of superior incomes a good many places could not be kept up, and servants would be dismissed by the thousand. It is clear that conditions are right as they are.

INDEPENDENCE

The anti-poverty propaganda will do well if it can defend itself from having increased a lack of respect for authority and social position—a lack which may be seen all about us. We are supposed to know how a beggar on horseback would act; well, if a beggar thinks he is going to have a chance to ride, he does not act the same as before. And that is just it—all sorts of people are being encouraged to expect things, and respectfulness is at a discount. Think of the insolence of the I.W.W. in daring to organize the unskilled laborers in the face of all the commercial and manufacturing and farmers' organizations. Social unrest results from talking about improving conditions. True, it also results from not talking about improving conditions, but is it not better to have the unrest from not talking? Those who talk and write simply stir up more unrest than would probably exist if no encouragement to those in poverty were held out. Anyhow there has been a decline in respect for

position. Of course, the good old days are gone. Even the peasant could scarcely be expected any longer to apologize to the knight if the knight's horse stepped on the son of the soil. But the change from old-time deference to those higher up is going on too fast as it is, let alone the change threatened by the elevation of the lower classes.

How are persons kept in their places anyhow? By looking into this matter carefully we may see the dangers in abolishing economic restrictions. It is by wages and salaries paid by economic superiors that impertinence is prevented. The employee who objects may be fired, and he knows it. The corporation has the employee dangling at the end of a thread, with the shears near enough to inspire respect. Talk with any of the representatives of the great industrial concerns and hear them stand up for the system. Unless you get them into a corner where nobody can overhear, you may think they no longer think as they used to in college. They show a marked respect—marked with the dollar sign.

Free speech and a free press would be terrible if really free. It is well enough to play they are free, but who would want to live in a place where editors were not on a salary and ordinary persons were not kept in restraint by job fear? There would be an upheaval in society the like of which has never occurred. Enough radicalism has been let loose by the secret ballot, which is not to be compared, from a conservative standpoint, to the system which allows the employer to look over the shoulder of the employee when he marks a ballot, as is done in Germany. They know better how to do things in Europe.

The advantages of a salary brake on freedom of expression are seen in university circles. If professors were economically independent, they would secure academic freedom and stir up discussion and become agitators; thus many wealthy men would be less inclined to give buildings, libraries, stadia, etc., to universities and colleges, and the cause of higher education would languish.

A charming example of real graciousness and deference, such as could appear only under the usual economic conditions, was afforded in a western state. An elderly millionaire, deaf as a post and as uninteresting as yesterday's newspaper, was invited to college

after college to give talks and to become acquainted with the college presidents. They made a great to-do over him, and it was not surprising after such distinction that he left sums to several institutions.

PRIVACY OF INCOMES

To do away with poverty would involve some sort of attack on people who have a great deal of money. It would be impossible to raise all to the income level of those enjoying the highest incomes, so the piling up of wealth would invite attack. The poor would be made to share in the accumulation of the rich, the poor coming to have more and the rich and privileged being allowed less.

Aside from the unpleasant impression which such procedure would produce in some quarters, there is the insuperable objection of a violation of privacy, for agents would be prying into incomes and knowing about them. The delicate consideration now allowed under the law, the secrecy which now shields income-tax payers, who are persecuted for the support of public institutions, would no longer be guaranteed, and people generally would know how one gets his money and how much he has. This would be unconstitutional. Everyone would have to tell how much he had and where he got it. Now, while this would be permissible in some cases, it would not in all. It is proper enough to know how much people of small means have, and how much salary one receives who is employed by the government. But people of large means often like real privacy in their affairs. If an employer had to tell how much his profits were, his employees might revolt and make trouble. There surely would not be very much peace in society if the facts about incomes were freely brought to light.

It is far better that things should remain as they are—poverty and all—than that the privacy of those who happen to have interesting sources of income should be disturbed. Such intrusion could not be popular with all classes. It would be wrong.

PRODUCTION NOT A BASIS OF REWARD

Boil down the views of social critics and you find the idea of compensation according to labor. Production, they say, should be the basis for the size of income received. The answer to this

kind of talk is easy. How much anyone actually produces today cannot exactly be determined, and so incomes cannot be based on labor. It is like trying to prove which is more necessary, the spark plugs or the wheels of a touring car. As a matter of fact, all these parts are necessary, and the car stops if any one of a good many different parts goes wrong. Which is more necessary, a lamp or a match with which to light it? One cannot apportion the importance of such things.

A factory employs hundreds of men, all of whom are necessary, and turns out a single product, say linoleum, which sells at so much a yard. How can one tell how much each person has done to produce the output? The work of all is necessary to produce the linoleum. No one can state in dollars just how much each has contributed. So how could people be paid according to what they produce?

The people of the whole country go about their work, and the result is an aggregate social production, from a real, if not formal, co-operation. The rancher raises sheep, and the wool goes to the mills and pelts to the factory—where “shammy” is manufactured, perhaps—and mutton goes to the packing-house. Everybody who has anything to do with sheep has contributed to the value of woolen goods or anything made of sheepskin. The woman in a calico dress who cooked breakfast for the men who sheared the sheep is a factor in the final selling price of the finest suit that ever went out of a fashionable shop. But how can each contribution of labor be weighed and each person remunerated according to what he does? Impossible.

The practical way to divide up is for each person to take all he can get. The woman in calico may not get a penny where the jobber gets hundreds of dollars, but that is the way of the world, and it must be so. While all the parties concerned co-operate to produce the suit of clothes, there seems to be no way of co-operating for the division of the wealth produced; they just have to fight for it, and those who do not fight, who are perhaps too busy producing to fight, simply have to have less. Suppose one person seems to get a hundred times as much as he produces, and another gets one one-hundredth of what he produces, what are you going to do about

it? As was said before, it is not the ability to produce, but the ability to acquire, that counts.

A fault in common speech has much to do with wrong ideas on distribution. We say that this man or that man has made so much money. Someone, we say, has made a million. This use of language causes people to think of production and income as related, and furnishes an argument for cranks who want individual production to be the basis of individual income. How much better it would be if we would only get into the habit of saying take instead of make? We should say this man or that man has taken so much money—not say made it. Perhaps the operatives or the miners or the farmers made the money, but another gets it. So why do we not say so? A fisherman takes a fish, he does not make a fish. Nature, the working people, the salaried managers, and public demand make value, but a stockholder may take 300 per cent a year. There is a difference between making money and taking it, and the advantage is all with the man who takes. With a slight improvement in our use of words the facts would be brought out more clearly, and the ill-advised notion of distribution according to labor or services would meet with less favor.

UNEARNED INCREMENT

One cannot look into the origin of great fortunes, or of small ones either, for that matter, without being impressed with the importance of being an early bird. Promptness and punctuality are virtues that have always been held up for imitation. Nowhere can be found better arguments for these qualities than in the case of unearned increment. The importance of being born at the right time and place is unmistakable when one sees how the ownership of mines, forests, lands, rights of way, and of the sites of great cities has been determined by priority.

There was a time when water-power sites, oil lands, and corner lots could be had for a song. With the growth of population these natural monopolies become more and more valuable. There are spots of land in New York City, none too large for a chicken coop of colonial times, that now afford a rental income sufficient to support many families in idleness and luxury, and unless the followers

of Henry George have their way, such tracts will continue to give their owners, without effort, income as long as the world stands. It is the same with coal mines. Those who are fortunate enough to get hold of the coal mines find their output becoming more valuable every year. People must keep warm, and they have to come to the mine-owner.

The attempt to discredit the income derived from unearned increment is not likely to succeed. In the first place, this way of acquiring wealth is ancient and people are used to it. Those who might have their attention called to how unearned increment lowers the flow of income to those not its beneficiaries are sure to be impressed with the antiquity of the process. Families in possession of great estates of land, and railroads with their land grants, alike are known to have long profited by this economic advantage.

The economic principle of basing income upon what one owns instead of service rendered is as fully upheld by unearned increment as by interest. Do away with unearned increment and you would destroy a strong barrier now standing in the way of an out-and-out labor basis for incomes. Indeed, without unearned increment to throw up fortunes for the few, it is possible that interest would tend to disappear, for the interest-taking system rests upon the disproportionate possession of wealth. If everybody had money and tried to live upon interest without labor, everybody would starve. The interest system cannot be maintained unless some have money and others do not.

There are surely enough reasons to oppose the taking over of unearned increment by the state on the theory that it is a form of wealth produced by society and not by the individual. It would be an experiment to take this over for the state. Perhaps the strongest argument, however, for leaving things as they are, is that not one of us would have been the person to refuse the ownership that later would have afforded unearned increment. We would have been first if we could, and if not ourselves but someone else bought Manhattan Island of the Indians for \$24, whose fault is it but our own?

INTEREST

Interest plays a part in the distribution of wealth—a very large part. Long ago the acceptance of interest was thought to be morally wrong. Money could not breed more money, it was said, so it was regarded as wrong to take interest. The Jews thought the receipt of interest a sin—this was in Bible times. People now have made up with interest, and money-lenders take as high rates as they can get. Nobody, except the doctrinaire, questions interest as an institution, and its relation to poverty scarcely attracts any attention.

The real reason for paying interest is that one cannot borrow money unless he does pay interest. If a farmer needs a plow and does not have the money to buy one, he has to borrow it and pay interest. When he works with the plow and gets a crop, part of the crop belongs to the man who lent the money with which to buy the plow. The money-lender and the farmer unite to raise a crop; the farmer does the work and the other man lends the money.

Interest, says an authority, is a reward paid to ownership. If a man owns a dollar, he gets six cents reward for ownership. The reward is for the ownership, not for the way the dollar was gained. A man who had stolen a dollar or a million would get just as much interest as anyone else, for it is not practicable to place the reward upon how ownership came to be. So the reward goes to ownership.

Another way to understand interest is to think of it as a reward of abstinence. Some economists say this is so. The owner of a million dollars might, if not abstemious, use up all his money. If he abstains from spending, he gets his reward in the form of a certain percentage. But another man who does not inherit money or get it in some way, so he can become abstemious too, is made to pay the reward of the man who has wealth. The justice of this will be seen only after reflection.

People who think that labor only rather than ownership should be rewarded often take it upon themselves to say things against interest. They can be answered very briefly. Indeed, the best way to answer is briefly.

Tools are necessary with which to labor. One cannot produce things with his bare hands. There has to be capital to furnish a condition of production. Now, either there must be private capitalists, who for interest furnish tools to labor, or the state would have to be the capitalist. Interest could be abolished only by making the state the capitalist. There is one important objection to having the state the capitalist: people who live upon interest could no longer do so. Labor would be the only basis of income. This would be a condition that not all would look upon with pleasure.

SOCIAL OWNERSHIP

Those who propose social ownership surely do so in the full light of the fact that it means an undermining of the opportunities for accumulating great private fortunes.

There is scarcely a business that has such possibilities of income as the transportation system. It is no small privilege—that of owning and operating for private profit the railroads of the grandest and one of the largest nations on earth. Whether such opportunities for private wealth should be taken away from those who now enjoy them is indeed a serious question. Certainly the owners of the roads and their attorneys are not likely to favor government ownership. It is the same with “public” utilities of other kinds, that is, those businesses that are public in extent and private in results. Municipal ownership is just as objectionable as state or federal ownership, and for like reasons.

There is danger in attempting social ownership, for where it is attempted it succeeds. Up to 1900 only one city out of thirteen that took over public utilities, such as electric-lighting systems, returned to private ownership, and where municipal ownership was a failure it was because the city government was a failure, owing usually to the ward system. With efficient city administration municipal ownership is permanent. If inefficient city government could with certainty be counted on, there would be less occasion to view with alarm the social ownership movement. But city government is becoming efficient. So it is unwise to rely upon the inefficiency of city government as the best argument for opposing municipal ownership.

The arguments against social ownership must be of a different kind. Its advocates must be made to know how strongly some feel upon the subject. If social ownership had been entered upon long ago, when the owners of public utilities managed them themselves, the evils would have been fewer. But today there are heavy stockholders who do not know the difference between a coupling pin and the Morse code, who are entirely out of touch with the work, which is left to people on salaries. Employees and superintendents do the work in connection with public utilities, while the real owners are often far removed from the scene of operations and would be out of their element doing the actual work.

It would thus be a great hardship to deprive of ownership a class of people who have long since become rusty as producers. They have come to rely upon profits, and the idea that public utilities should be run solely in the interest of the public is about as distasteful as it well could be. Deprived of an assured income from public utilities—as assured as taxes are to the government—the present owners of our telegraph lines, express companies, railroads, mines, electric and gas plants, and street-car lines might be lost in the mass of those who work for pay. Our most distinguished leisure class would have the props knocked out from beneath it. Europe would notice the difference at once, for, except in war time, one of our largest exports is leisure.

Social ownership would give the state or city great funds to be spent for public welfare. At first glance this might seem desirable. Think again. With private ownership great funds are accumulated, and to some extent disbursed by public utility multimillionaires for the public good. Gifts to universities are an example of the way the public gets back some of what monopolists take in the form of profits. There is scarcely a university or college in the country without a library, auditorium, chemistry laboratory, swimming-pool, girls' dormitory, or Y.M.C.A. building given by a generous patron. One feels the influence of these benefactions the moment one sets foot on a campus, for it almost makes one think of a child with an empty cup and a spoon, and its mouth open. Besides universities, all sorts of projects, from hero medals to the eradication of the boll weevil, are financed by donors. Does anyone think

that if the government, under social ownership, gained possession of funds comparable to those now going to public-utility owners, there would be such excellent taste in spending the people's money?

PROFITS AND LIVING WAGE

The chief reason why the men who run the business should receive the total production of wealth except wages to the workers is that the former are at a risk. But the laborer, says an eminent professor, contracts himself out of risk and accepts a definite rate of wages. Having contracted for a definite rate of wages, which wages, however, may stop any time—for he does run the risk of being fired—the laborer has no longer a claim upon what he produces.

The risk of the investor is so much greater than the risk of the worker that even if a concern makes a profit of several hundred per cent a year on investment, this profit is justified under the well-known economic doctrine of risk. The worker does not risk any capital, so he has no right to more than a living wage, regardless of production of values. Risk of a kind the worker does undergo, but it is not the right kind. In fact, a good many lives are lost in the various hazardous callings and in callings that are allowed to be hazardous because capital would hardly dare risk itself to change conditions. But, in mining, railroading, dynamite manufacture, and the building of tunnels under rivers the risk of life and limb can scarcely be regarded as so grave as the peril to dollars, so in the final division of values the workman is sufficiently rewarded by a living wage. Even a steeple jack employed to fix up the smoke-stack of a flour mill does not run any risk comparable to that which the owners run in undergoing the possibility that the steeple jack may fall two hundred feet and damage a shed.

The statement of the doctrine of economic risk found in the works of the most consistent conservatives will prove interesting both to those who approve and to those who disapprove the theory.

One will get a clearer view of the riskless nature of the wage-earner's relation to the business in which he is employed if one will dissociate the worker from his family. It merely confuses the issue and tends to discredit traditional economics to bring the

worker's family into the account. It may be that his family does run some risk of being thrown into the street if the wages stop, but what has that to do with economics? That is a side issue, just as the risk of starvation or the bread line for the unmarried workman when thrown out of employment is a side issue. The contract is the thing, and the workman contracts himself out of risk when he bargains for a definite rate of wages. One should try to look upon the workman, then, as having reached enviable freedom from risk.

We do not need to go further to find why the employer should take the surplus of production above the living wage. Risk is the explanation. A living wage is all that the workingman should expect, for he risks no capital, only himself and family.

UNEMPLOYMENT

Usually there are numbers unemployed. About a million workers were out of employment in this country prior to the present war. After the war—if it ends—it is expected that many will be unemployed. The late Mr. J. J. Hill said that after the war the question for the workingman would not be one of wages, but of securing work at any wages; and Senator Borah of Idaho predicts the greatest amount of unemployment ever known, when the war closes. Whether these predictions come true or not, we know that always a great many people are supposed to be looking for work, with applicants outnumbering jobs. This is the condition in normal times—and there are those who object to it.

Before jumping to the conclusion that unemployment is an evil and before joining the social reformers, we may well investigate the advantages of the present system.

Unemployment causes one to look with great respect upon a chance to work; of course, it is to be understood that only those out of work and out of money are meant. If a man has enough to live on without work, he does not look upon work with more respect, rather less. But, out of money, the only way to get more money, usually, is to work for it; thus the job looks attractive, and the masses come to identify work with existence and to respect it and to eulogize it accordingly.

Then, too, when the job becomes thus attractive to the moneyless, there is not so likely to be quibbling about doing more than one is paid for. One of the oldest maxims of service is that the laborer should do more than he is paid for—throw in something beyond exact measure, just as a grocer might add two or three eggs to a dozen or a bank cashier slip out a few coins in addition to what a check calls for. The worker is not to watch the clock, but is to let the hands go past the hour, and think nothing of it. The ethics of good service calls for this sort of thing, and employers have always pressed the point, and it is universally known. But if there were only two men for three jobs instead of three men for two jobs, how could this ideal of good measure be held up as it ought to be?

This is only one evil that would come from not having a crowd around the entrance whenever a man is advertised for. Consider how wages would be affected without a surplus in the labor market. Wages would go up. Then prices on articles bought by laborers would have to be put up too or workingmen would be saving money, which would result in overthrowing the present order. To be sure, prices could be put up at equal pace with wages, but what a bother. The present way is better—let unemployment serve as a check on wages.

There is still another way in which to look at unemployment—it distributes leisure. The upper classes cannot consistently be reproached with being the only people of leisure so long as unemployment is common. Unemployment makes sure of leisure for the working people; they become, in effect, a leisure class and therefore should not feel quite the same upon the subject of the leisure of the upper classes.

EXPORTS

In times of peace a billion dollars worth or more of goods is exported every year in excess of the value of imports. How does this happen? This surplus is what we produce and do not use up. If wages paid to the workers were so large that they could buy a billion dollars worth more of goods, they would do it. Then there would be no surplus to export. All the ships would do then would be to exchange goods of the same value produced in different climates or made differently. Our immense trade balance would

vanish, destroyed by higher wages. Is it not better to pay low wages and have millions and billions of wealth to export than to pay wages that would enable the home market to consume goods equal in value to all produced in this country? How should we feel as a nation if our trade balance went down? The wage-earners, too, ought to be satisfied with this arrangement—if they are patriotic. They surely would rather have our exports exceed imports than have higher wages. We do them an injustice in dreaming that they prefer income to patriotism. Everybody is supposed to sacrifice for his country, and by keeping the consuming power of factory hands down by means of low wages there is something left for export, the wage-earners thereby being patriotic.

Of course money comes back for the exports, and one might think that the home market would be correspondingly increased. Yes, but the money comes back to a limited class who either keep it or travel abroad and spend it there. The spending of immense sums abroad by tourists and families who draw their support from this country takes up much of the wealth produced by wage-earners in excess of their wages. Thus the system balances nicely.

THE TARIFF

Some look upon the tariff as a bad habit, but there must be something to be said for it or it would be discarded, although not every bad habit is thrown off.

The tariff is a political invention ranking in importance with great mechanical inventions. The tariff is no less a work of inventive genius than the steam engine. It is an invention which enables the government to raise money painlessly. Tell a man of small income that he must pay a hundred dollars to the government, and he becomes an anarchist; take it out of his pockets by indirect taxation, and none is more patriotic.

The wonderful nature of the tariff is not fully realized by viewing it simply as a means of raising money painlessly for the government. It is in another connection that the tariff shows evidence of the inspiration of true genius. The greatest service of the tariff is, not to raise money for the government, but to raise prices all around. If there is a duty of 50 per cent on something, imports

of that something are discouraged, and the government may receive little income or none from this source, but the price received by the home manufacturer will be about 50 per cent higher. For the millions of dollars received by the government from the tariff, manufacturers and dealers within the country—behind the tariff wall—receive billions and billions more. Professor Summer of Yale estimated that the tariff raised prices all around from 30 to 40 per cent. This would mean that a man with an income of \$1,400 would have to pay it all or nearly all for goods that without a tariff he could buy for \$1,000. Such a man would pay about \$400 a year to the tariff—a considerable tax—but as he does not know that he is paying it, unless he stops to think, he does not object.

The worker is not likely to object because he is told that he receives higher wages on account of the protection which his employer has at the hands of the government, and it is true that the worker must receive wages high enough to enable him to pay the higher prices caused by the tariff and to keep alive—when employed. The worker is not supposed to receive wages high enough to enable him to save, so he is on the same basis as workmen in other countries. They all get a little less than enough to live on, but there is a satisfaction felt by the worker under the tariff; he handles larger sums of money.

Aside from the advantages of the tariff to ordinary people, as indicated, there are strong advantages to the wealthy. Many great fortunes have been built on the tariff. The government really lends its taxing power to manufacturers, and they are therefore appreciative and patriotic. No class is more loyal to the government under a high tariff than the manufacturing class. One could not consistently oppose the tariff without joining forces with those who object to swollen fortunes and the persistence of poverty. Attack the tariff, and be counted among those who do not favor inequalities in economic status.

Let us go back to the man of the 1,400-dollar income. If tariff prices did not sweep away the difference between \$1,000 and \$1,400, he would perhaps save \$400 and gradually become "independent," and what that would mean is explained elsewhere in these pages.

The government, too, would be much handicapped without the tariff to raise revenue. A tax would have to be called a tax, and how unpopular that is may be judged by the way the best people have always side-stepped taxes and left the small fry to pay them. The Supreme Court has felt strongly about taxes on incomes. The government would be put to it to get money if the tariff were abolished. There would be no way left but to go after wealth or to have government ownership and use the profits; and it is against the rules for the government to own and operate anything that makes money. Private enterprise always does the things that make money, and the government does the other things.

TENANCY

The alleged facts about the increase of tenancy in this country are no doubt correct enough. Let us agree that the census is right and that tenancy is increasing at a rapid rate—that farms are being worked more and more by families who do not own the farms. Agree that the tenants are a poor class, in debt up to their ears for mules, groceries, seed, implements, fence wire, and the doctor, and that the children often do not know what a schoolhouse is.

There are deplorable facts about tenancy. But it is not fair to look merely at one side of the matter. There is another way to look at it. There surely must be some way of looking at tenancy so that the non-resident landowner will feel justified and politicians be untroubled in conscience. Nothing is more uncomfortable than to have a feeling that one is taking advantage of another. This is especially true if little children and their mothers are involved. It would pain the conscience to realize that one was reaping where one had not sowed and was gathering what belonged to another. People may pooh at ethical considerations and may ridicule psychology, but what good is an investment if one does not sleep? One must try to see how justifiable the tenancy system is, together with the loan system associated with rural poverty.

The best approach is to see the resemblance between what is happening to the small farm owner and what has happened to the small shop owner. Years and years ago such people as now work

in factories were often independent producers. Then came organized industry, with capital, and swept them out of ownership and into jobs. It was uncomfortable, no doubt, for men who had been engaged in manufacturing in a small way at home or in little shops, to be put out of business, with the children and grandchildren taking such employment as could be had in factory towns. But it had to be, and we now have our industrial system.

The modern industrial system has been a money-maker and there is coming to be a great surplus for investment. Some of this surplus is being invested in farms and lands, great private estates and heavily financed farming projects appearing. After a while a great many farmers, first becoming tenants, and later—they or their descendants—employees, will be in the same economic class with present factory employees. The farm workman, like the factory workman, will not own the business, and he will take orders. There will always be a fringe of farmers who work their own farms, but the factory type of estate will dominate in agricultural production, unless signs fail. Such being the case, why be concerned about tenancy? The country population will correspond in status with the factory population, in proportion of employees to owners, living conditions, etc.

It follows that no one can consistently oppose the coming of a system of centralized ownership of land and of tenancy unless he is prepared to attack its analogue, the factory system, which has magnates and employees. We must expect a large part of the present farming class to become employees and be under superintendents. Thus agriculture and manufacturing will be on the same basis, and agriculture will no longer be out of harmony with our industrial labor system, so much identified with our type of civilization.